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INFORMATION REPORT

REPORT

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DATE DISTR. 24 November 1952

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SUPPLEMENT TO
REPORT NO.

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Credit Agreement between East Germany and the North Korean Peoples Republic

The government of East Germany declares its readiness to support the Korean people and its government in its struggle for a united, democratic and peace-loving Korea. To this end the two governments have come to the following agreement:

Article I

The government of East Germany guarantees the government of the Korean People's Republic a credit of 30,000,000 rubles at one percent rate of interest.

Article II

This credit is to be used to procure goods as enumerated in Appendix I.¹ This Appendix represents an inseparable part of this Agreement and can be added to by mutual agreement.

Article III

This credit can in principle only be used for goods deliveries to be completed by 30 June 1953. Accounting will be effected in a trade agreement to be concluded at a later date between the two governments.

Article IV

Goods deliveries will take place on the basis of contracts to be

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- 2 -

concluded by the representatives of the trade organizations of both countries.

Article V

Prices of goods to be delivered will be quoted in rubles calculated on the basis of world market prices in October 1950.

Article VI

The packing of goods will be carried out in accordance with the nature of the goods and must ensure that climatic conditions are taken into account, so that the goods will arrive at their destination, with normal handling on the way, in faultless condition. Each label for the goods to be delivered must bear the following details marked in indelible colors in Russian and in German:

1. Korean markings as laid down in the contracts
2. Manufacturer's trade mark
3. Serial number of the label
4. Destination
5. Gross and net weight
6. Special remarks according to the nature of the goods, such as "With care, fragile", "Not to be tipped up", "Inflammable", etc.

Article VII

Transport of the goods will take place in collective consignments f.o.b. the Chinese-Korean frontier. The seller must ensure that the following documents will accompany the original freight papers:

1. Invoice for goods (2 copies)
2. Packing list (2 copies)
3. Certificate of quality (1 copy)

All documents must be in both German and Russian.

Article VIII

Payment for the goods delivered will be effected from the charge-free credit account to be opened by the Deutsche Notenbank (DNB) for the Central North Korean Bank (CNKB) to the limit of the amount mentioned in Article I against presentation of the following documents:

1. Forwarding agent's despatch form
2. Goods invoice (2 copies)
3. Detailed list of goods (2 copies)
4. Certificate of quality (1 copy)

The documents must be in both German and Russian.

Article IX

Details concerning the technical completion of accounting in accordance with this agreement will be agreed, if the occasion arises, between the DNB and the CNKB.

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- 3 -

25X1

Article X

Substantiated claims arising out of the quantity or quality of the goods will be settled after a written agreement between the purchaser and seller concerning price reductions or cancellation in accordance with the usual bank clearing process. All claims must be made at the latest within six months from the date of the bill of lading.

Article XI

This agreement comes into force on the date of its signature.

Article XII

This agreement will be prepared in the German, Korean, and Russian languages, two original versions in each language. The German and Korean texts will have equal validity. In the event of a difference of opinion regarding interpretation, the Russian text will be regarded as authentic.

Berlin 25 June 1952

The Representative of the Government
of East Germany.

(Signed) Georg Handke

The Representative of the Government
of the North Korean People's Republic.

(Signed) CHANG Si-u

25X1 Comment. It has not been possible to obtain a copy of the list of goods.

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